Union of Myanmar Investment Commission
15527
Sr No. Form (2)
Dated 26.9.2008

The Myanmar Investment Commission

PERMIT

Permit No. 429/2008 Date 26th SEPTEMBER, 2008.

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT

(b) Citizenship MYANMAR

(c) Address BUILDING NO.(6), NAY PYI TAW
MYANMAR

(d) Name and address of principal organization MINISTRY OF ENERGY,
BUILDING NO.(6), NAY PYI TAW, MYANMAR

(e) Place of incorporation NAY PYI TAW

(f) Type of business in which investment is to be made CRUDE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION

(g) Place(s) at which investment is permitted BLOCK M - 2
MOATTAMA OFFSHORE AREA

(h) Amount of foreign capital US$ 20 MILLION

(i) Period for bringing in foreign capital 2008 TO 2014

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 20 MILLION

(k) Permitted duration of investment 6 YEARS

(l) Name of the economic organization to be formed in Myanmar
PETROVIETNAM EXPLORATION PRODUCTION CORPORATION LTD, JOINT VENTURE VIETSOVPETRO AND EDEN GROUP COMPANY LIMITED.

Chairman
The Myanmar Investment Commission

ပြည်ထောင်စုမြန်မာနိုင်ငံတော်
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်
စာအမှတ် ၁၁၁၁၇
ပုံစံ (၂)
ရက်စွဲ ၂၈.၉.၂၀၀၈

မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၄၂၉/၂၀၀၈ ၂၀၀၈ ခုနှစ်၊ စက်တင်ဘာ လ ၂၅ ရက်

ပြည်ထောင်စု မြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေ ပုဒ်မ (၁၀) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှုကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် ညွှန်ကြားရေးမှူးချုပ်၊ စွမ်းအင်စီမံရေးဦးစီးဌာန

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ ရုံးအမှတ် (၆)၊ နေပြည်တော်

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ စွမ်းအင်ဝန်ကြီးဌာန
ရုံးအမှတ် (၆)၊ နေပြည်တော်

(င) ဖွဲ့စည်းရာအရပ် နေပြည်တော်

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ရေနံစိမ်းနှင့်သဘာဝဓါတ်ငွေ့ရှာဖွေ
တူးဖော်ခြင်းနှင့်ထုတ်လုပ်ခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) အကွက်အမှတ်၊ M-2
မုတ္တမကမ်းလွန်ဒေသ

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာသန်း ၂၀

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ၂၀၀၈ ခုနှစ်မှ ၂၀၁၄ ခုနှစ်

(ည) စုစုပေါင်းမတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာသန်း ၂၀ နှင့်ညီမျှသော
မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ၆ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင်ဖွဲ့စည်းမည့်စီးပွားရေးအဖွဲ့အစည်းအမည် PETROVIETNAM EXPLORATION PRODUCTION CORPORATION LTD, JOINT VENTURE VIETSOVPETRO AND EDEN GROUP COMPANY LIMITED.

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

Building No.(32), Nay Pyi Taw

Our ref: Ya Ka-1/Na- 595/2008(15527)
Dated : 26th September 2008

Tel : 067- 406334,406075
Fax : 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Crude Oil and Natural Gas Exploration and Production for Block M-2, Moattama Offshore Area " under the name of Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited".

Reference: Ministry of Energy, Letter No. 008/751/Hta(1)dated(27-8-2008).

1. The Myanmar Investment Commission, at its meeting (24 /2008) held on (15 -8-2008) and the Trade Council, at its meeting (30/2008) held on (10- 9- 2008), had reviewed the proposal for investment in "Crude Oil and Natural Gas Exploration and Production" for Offshore Block M-2, Moattama Offshore Area under the name of "Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited" pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Petrovietnam Exploration Production Corporation Ltd of the Socialist Republic of Vietnam, Joint Venture Vietsovpetro of the Socialist Republic of Vietnam and Eden Group Company Limited of Myanmar. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting (32/2008) held on (18 -9 -2008), resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. Subject to the provisions of the Memorandum of Understanding, dated 29th July 2008, the participating interest of the Parties in respect of the Production Sharing Contract shall be as follows:

- Petrovietnam Exploration Production Corporation Ltd	45%
- Joint Venture Vietsovpetro	40%
- Eden Group Company Limited	15%

4. The permitted duration of the project shall be an initial term of 20(Twenty) years, comprising 9(Nine) months for the study period with option to extend up to 3(Three) months, 3(Three) years for the exploration period and 1 (One) year 2(Two)times for the extension of the exploration period.

5. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall pay royalty to the Government equal to 10%(Ten) percent of the value of Available Petroleum from the Contract Area.

6. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall pay Data Fee to the amount of US $ 250,000 (United States Dollars Two Hundred and Fifty Thousand Only) to Myanma Oil and Gas Enterprise within 20(Twenty) days after signing of the Contract.

7. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall pay to the amount of US $ 2,000,000 (United States Dollars Two Million Only) as Signature Bonus within 20(Twenty) days after entering into the initial term of the exploration period.

8. Production Split between Myanma Oil and Gas Enterprise and Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall be allocated for Development and Production Area as follows:-

Crude Oil

Water Depth 600 feet or less

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	60	40
25,001 – 50,000	65	35
50,001 – 100,000	80	20
100,001 – 150,000	85	15
Above 150,000	90	10

Water Depth more than 600 feet

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	60	40
25,001 – 50,000	65	35
50,001 – 100,000	75	25
100,001 – 150,000	80	20
Above 150,000	90	10

Natural Gas

Water Depth 600 feet or less

MMCFD	MOGE(%)	CONTRACTOR(%)
0 – 300	60	40
301 – 600	70	30
601 – 900	80	20
Above 900	90	10

Water Depth more than 600 feet

MMCFD	MOGE(%)	CONTRACTOR(%)
0 – 300	60	40
301 – 600	70	30
601 – 900	80	20
Above 900	90	10

9. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

Production Bonus

Crude Oil

At BOPD	US $(MILLION)
Upon approval of Development Plan	1.00
25,000 (for 90 consecutive days period)	2.00
50,000 (for 90 consecutive days period)	3.00
100,000 (for 90 consecutive days period)	4.00
150,000 (for 90 consecutive days period)	5.00
200,000 (for 90 consecutive days period)	10.00

Natural Gas

At MMCFD	US $(MILLION)
Upon approval of Development Plan	1.00
150 MMCFD (for 90 consecutive days period)	2.00
300 MMCFD (for 90 consecutive days period)	3.00
600 MMCFD (for 90 consecutive days period)	4.00
750 MMCFD (for 90 consecutive days period)	5.00
900 MMCFD (for 90 consecutive days period)	10.00

10. After the commencement of commercial production of Crude Oil, shall fulfil its obligation 20%(Twenty) percent of Crude Oil and 25% (Twenty Five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(Ninety) percent of the Fair Market Value.

11. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall provide Training Fund to the amount of US $ 50,000 (United States Dollars Fifty Thousand Only) per annum for Exploration Period and US $ 100,000 (United States Dollars One Hundred Thousand Only) per annum for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5%(Zero Point Five) percent of its share of Profit Petroleum in favour of Myanma Oil and Gas Enterprise.

12. Myanma Oil and Gas Enterprise shall have the right to demand from Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited that a up to 20% (Twenty) percent after commercial discovery and up to 25% (Twenty Five) percent undivided interest, if the reserves is greater than five (5) trillion cubic feet.

13. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company:-

(a)	if the amount of Net Profit is up to and including US$ 100 million (United States Dollars One Hundred Million Only)	40%
(b)	if the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollars One Hundred Million Only and United States Dollars One Hundred and Fifty Million Only)	45%
(c)	if the amount of Net Profit is over US$ 150 million (United States Dollars One Hundred and Fifty Million Only)	50%

14. In issuing this "Permit", the Commission has granted the following exemptions and relieves:

(a) as per Section – 21(e), Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed for the project.

(b) as per Section – 21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(c) as per Section -21(i) and (j), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which they are imported as they are actually required, and also on such raw materials imported during the period of exploration.

15. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

16. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

17. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

18. The official date of operation shall be reported to the Commission.

19 Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall endeavour to meet the targets for Exploration and Production of Petroleum stated in the proposal as the minimum target.

20. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

21. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section - 2 (h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Committee.

22. Whenever brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 20(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

23. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya- 9/101/92(416) dated 3-12-92 [Annexure (1)]

24. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

25. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94(0440) dated 30-6-94[Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

26. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited

27. Petrovietnam Exploration Production Corporation Ltd, Joint Venture Vietsovpetro and Eden Group Company Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

(Brigadier General, Maung Maung Thein)
Chairman

Director General
Energy Planning Department

Petro Vietnam (Decision)

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Energy
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power (2)
13. Chairman, Foreign Capital Evaluation Committee
14. Director General, Directorate of Investment and Company Administration
15. Director General, Customs Department
16. Director General, Internal Revenue Department
17. Managing Director, Myanma Oil and Gas Enterprise
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)